

MARYLAND STATE RETIREMENT AND PENSION SYSTEM
IMPACT OF THE
VOLUNTARY SEPARATION PROGRAM (VSP)

The State Employees' Voluntary Separation Program (VSP) is a State program and not a Maryland State Retirement and Pension System (MSRPS) incentive.

If you are interested in accepting VSP, you should refer to the VSP instructions as to how you elect to participate in this Program.

Each eligible state employee considering the VSP needs to determine how this program will impact his or her retirement benefits. The first step is to determine which of the following categories applies to you in the retirement/pension system.

You are either:

1. Vested (i.e. have at least five years * of eligibility service) and eligible for immediate retirement;
2. Vested (i.e. have at least five years* of eligibility service) and are not currently eligible for retirement; or
3. Not Vested (i.e. have less than five years* of eligibility service). NOTE: Acceptance of VSP and withdrawal of retirement contributions forfeits your right to future retirement benefits.

* For members of the Reformed Plan, vesting occurs after ten (10) years of service.

Based upon which of these three categories you are in, please review and follow the instructions below regarding your retirement benefits.

Members Eligible for Retirement

Anyone retiring in conjunction with acceptance of the VSP must download the necessary retirement forms from the Department of Budget and Management's (DBM) web site at <http://dbm.maryland.gov>. It is extremely important to use these forms, as standard retirement forms lack the special coding to ensure priority processing.

In preparation for the Voluntary Separation Program, the Retirement Agency mailed an Unaudited Preliminary Projection of Benefit Allowance to each member eligible for an early or normal service retirement as of May 1, 2015. The projection of benefits allowance does not guarantee your eligibility for retirement allowance or your eligibility to participate in the VSP. Do not rely on this projection in making a decision whether to retire or participate in the VSP.

After reviewing the Unaudited Preliminary Projection of Benefit Allowance and considering the benefits of the VSP, you may wish to pursue participation. If so, submit an *Application for Estimate of Service Retirement Allowance* (VSP Form 9) to the Retirement Agency to receive a personalized estimate of your retirement benefits. Once you have received your retirement

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benefits estimate notice, have decided to elect the VSP, and are approved for participation in the VSP, you must then complete the retirement forms listed below:

Retirement Forms:

- Application for Service Retirement – VSP Form 13
- Re-employment after Retirement – VSP Form 127
- Direct Deposit Electronic Fund Transfer Sign-up – VSP Form 85
- Federal and State Tax Withholding Request – VSP Form 766

The VSP is expected to generate a large volume of requests for estimates. VSP applications will take priority. However, only the specially coded forms from the DBM web site will ensure expedited service.

If you have recently received an estimate, we encourage you to use that as a guide in your decision making process. Additionally, other resources that you may want to consider in making a decision to retire are your June 30, 2014 Personal Statement of Benefits and the [Benefit Estimators](#), which can be found on our web site at www.sra.maryland.gov. Both of these tools can only provide an estimate of the Basic Allowance and not all of the payment options available.

Re-employment after retirement issue – For pension purposes, there are no changes in the reemployment rules. Retirees may be subject to an earnings limitation upon certain reemployment decisions. Carefully review Form 127 for an understanding of how future reemployment will impact your pension benefits.

Separate VSP reemployment rules also apply and can be addressed by contacting DBM. Retired members cannot rescind their retirement date and reenter the pension system to participate in the VSP.

Vested Members Not Currently Eligible for Retirement Benefits

If accepting the VSP option, you should be aware that the State Retirement Agency requires a vested member who is not currently eligible for retirement benefits to keep their current address on file with us. The Agency will contact you at the address on file to remind you when you reach the plan's normal retirement age (age 62 for pension members prior to 7/1/2011 or age 65 for pension members after 7/1/2011), to complete the necessary forms to begin receiving a pension allowance.

Prior to retiring, you still have the right to apply for a refund of your accumulated member contributions but you should be aware that taking this money will cause you to forfeit all rights to any future pension benefits.

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Non-Vested Members (Member prior to 7/1/2011 with Less Than 5 Years of Eligibility Service or Member on or after 7/1/2011 with Less Than 10 Years of Eligibility Service)

Members enrolled before 7/1/2011 with less than five years of pension eligibility service and members enrolled on or after 7/1/2011 with less than ten years of pension eligibility service taking VSP should download the refund application package (Form 5 package) from the DBM website at <http://dbm.maryland.gov>.

Since you are not vested, you should file for a refund of your employee contributions with interest.

Application for a refund cannot be processed until the final employee contribution withheld from your pay check has been received by our Agency and posted to your account. Generally, this information is sent to us in May. This will result in the refund payments beginning no earlier than June 30, 2015 and further delays may occur depending on when your application is received and the volume of refund applications.

Anyone unsure whether they have the required years of eligibility service to vest and receive a monthly retirement benefit at their normal retirement age should review their 2014 Personal Statement of Benefits, access our IVR phone system by calling 410-625-5555 or 1-800-492-5909, or speak with a retirement benefit specialist at 410-625-5555.

Assistance from the State Retirement Agency on Retirement Benefit Issues

There will be Special VSP Retirement Regional Sessions offered in February and March to discuss the impact of VSP on your retirement benefits at the following locations:

Baltimore City – State Office Complex

300 W. Preston Street Auditorium
9:00 a.m. and 2:30 p.m.

Wednesday, February 25th
Monday, March 2nd
Monday, March 9th

Cambridge – Eastern Shore Hospital Center

English Hall
9:00 a.m. and 2:30 p.m.

Tuesday, March 3rd

Annapolis – MAIF

1754 Forest Drive
Cafeteria Meeting Room
9:00 a.m. and 2:30 p.m.

Wednesday, March 4th
Thursday, March 12th

Hagerstown – Western MD Hospital Center

1st Floor Conference Room
9:00 a.m. and 2:30 p.m.

Friday, March 6th

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Individuals wanting counseling appointments may also visit our office in Baltimore. Please be aware that our staff will not be able to discuss your monetary retirement benefits unless you have received your pension estimate notice. We can answer any general questions you may have pertaining your retirement benefits.

Contacting the Maryland State Retirement Agency

Maryland State Retirement Agency
120 East Baltimore Street, 14th Floor
Baltimore, MD 21202

Telephone Numbers: 410-625-5555 or 1-800-492-5909 toll free

Web Site: www.sra.maryland.gov

Information Regarding VSP

All questions regarding VSP should be directed to one of the following resources:

DBM website at www.dbm.maryland.gov

DBM dedicated telephone lines at 410-767-6831 or toll free 1-855-500-4661

VSP Administrator at vsp.administrator@maryland.gov